

Message Text

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ACTION AF-08

INFO OCT-01 ISO-00 EB-07 INR-07 OES-06 L-03 SP-02 SS-15
/049 W

-----300752Z 028774 /14-R

R 291516Z DEC 76
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 8446

LIMITED OFFICIAL USE LAGOS 14425

E.O. 11652: N/A
TAGS: BENC, ENRG, NI
SUBJECT: PIPELINE, STORAGE DEPOT, REFINERY AND PETROCHEMICAL
PROJECTS: BECHTEL VISIT

REF: (A) STATE 294629 (B)LAGOS 14424

1 DURING VISIT TO LAGOS SECOND WEEK OF DECEMBER, BECHTEL TEAM
CONFIRMED THAT THEY HAD BEEN INVITED TO BID ON CONSTRUCTION
MANAGEMENT CONTRACT FOR BOTH PIPELINE AND STORAGE DEPOT PROJECTS.
THERE WILL APPARENTLY ALSO BE A SEPARATE CONSTRUCTION SUPERVISION
CONTRACT. DO NOT BELIEVE BECHTEL OFFICIALS OBTAINED MUCH ADDITIONAL
INFORMATION ON THIS VISIT AS MINISTRY PETROLEUM RESOURCES OFFICIALS
IN CHARGE OF BOTH PIPELINE AND STORAGE DEPOT PROJECTS WERE, AND
STILL ARE, OUT OF COUNTRY OR ON LEAVE.

2 BECHTEL OFFICIALS DID DISCUSS PROJECT MANAGEMENT CONTRACT ON
PETROCHEMICAL COMPLEX WITH MINISTRY OF INDUSTRIES PROJECT OFFICER
DR. E.I. ONYIA. HOWEVER, OFFICIAL WITH PRIMARY RESPONSIBILITY FOR
PROJECT, DR. A.J. OYEKAN, ON PILGRIMAGE TO MECCA AND NOT AVAILABLE.
ONYIA DID SAY MOI HAS INVITED INTERESTED FIRMS TO SUBMIT
APPLICATIONS FOR PREQUALIFICATION FOR PROJECT MANAGEMENT.

3. ANOTHER IDEA BECHTEL GROUP EXPLORED WITH MOI IS
POSSIBILITY OF FMG NEEDING OPERATING COMPANY TO RUN
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ETHYLENE CRACKING PLANT WHICH WILL FEED PETROCHEMICAL
COMPLEX. THIS WILL BE 100 PERCENT FMG OWNED AND WILL THUS
HAVE NO JOINT-VENTURE OPERATING PARTNER, YET ITS COMPETENT
MANAGEMENT IS VITAL TO PETROCHEMICAL COMPLEX.

4. DUTCH FIRM MENTIONED BY BECHTEL IN REFTEL A AS BEING

AWARDED KADUNA REFINERY CONTRACT IS ACTUALLY AMERICAN FIRM KING-WILKINSON. KING-WILKINSON INTERNATIONAL B.V P F KONINENG JULIANAPLEIN 10, THE HAGUE, NETHERLANDS, WAS AWARDED CONTRACT AS CONSULTANT TO FMG FOR KADUNA. JAMES M. QUITTER, VICE-PRESIDENT SALES AND BUSINESS DEVELOPMENT, VISITED LAGOS JANUARY 1976, APPARENTLY IN PURSUIT OF THIS BUSINESS. THOUGH THERE HAS BEEN ABSOLUTELY NO OFFICIAL WORD, BELIEVE TECHNIP OF FRANCE STILL MOST LIKELY FIRM TO WIN CONSTRUCTION CONTRACT FOR KADUNA, AS REPORTED LAGOS 121112.

5. FURTHER TO PETROCHEMICAL COMPLEX, DR. ONYIA TOLD EMBOFF THAT WITH PROGRESS BEING MADE ON LNG PLANT WITH SHELL AND BP, MOI NOW BELIEVES FEEDSTOCK WILL BE ETHANE/PROPANE FROM LNG PLANT. HOWEVER, A STOPGAP NAPHTHA FEEDSTOCK CAPABILITY WILL BE INCLUDED IN DESIGN. NAPHTHA FACILITY WOULD ADD 20 PERCENT TO COST. FINAL DECISION WILL BE MADE AT TIME CONTRACT IS AWARDED FOR ETHYLENE CRACKER, WHICH ONYIA EXPECTS WILL BE ON ORDER OF 18 MONTHS FROM NOW, DEPENDING ON HOW LNG PLANT IS PROGRESSING AT THAT TIME. ONYIA EXPLAINED THAT PROPANE CONSIDERED DESIRABLE AS FEEDSTOCK BECAUSE UNLIKE METHANE IT CAN BE STORED, WHICH GIVES PETROCHEMICAL COMPLEX STRATEGIC BACKUP.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTS, DEVELOPMENT PROGRAMS, REFINERIES, VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LAGOS14425
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760475-1172
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976127/aaaaafvo.tel
Line Count: 84
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 294629, 77 LAGOS 14424
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 04 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 MAY 2004 by buchant0>; APPROVED <27 AUG 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PIPELINE, STORAGE DEPOT, REFINERY AND PETROCHEMICAL PROJECTS: BECHTEL VISIT
TAGS: BENC, ENRG, NI
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006